

BALANCE OF PAYMENTS

OVERALL TRENDS

An overall balance of payments outturn which was significantly less unfavourable than was originally anticipated was one of the salient features of Sri Lanka's economic performance in 1989. Although the balance of payments difficulties related to the escalation of civil disturbances during the first half of the year were further aggravated by a deterioration of the terms of trade, the overall deficit was contained at SDR 67 million, as compared with an anticipated deficit of about SDR 170 million. A much larger deterioration of the external payments situation was avoided by a substantial recovery in exports, improvement in tourism and arresting of capital flight following the restoration of confidence in the economy after the launching of the second year arrangement under the Structural Adjustment Facility (SAF) with the IMF. The gross official reserves which had declined to SDR 125 million, at the end of June 1989, reached SDR 224 million by the end of the year. Total gross reserves rose from SDR 385 million at the end of June to SDR 447 million at the end of December, 1989. Notwithstanding the substantial improvement in Sri Lanka's balance of payments during the latter half of the year, the overall deficit of SDR 67 million at the end of 1989 indicates the continuing weakness in Sri Lanka's balance of payments.

In 1989, the merchandise account registered a deficit of SDR 542 million (Rs. 24,716 million), compared with a deficit of SDR 568 million (Rs. 24,268 million) in 1988. The deficit in the services account rose from SDR 114 million (Rs. 4,884 million) to SDR 117 million (Rs. 5,315 million) between the two years. The current account deficit at SDR 290 million (Rs. 12,997 million), remained at the same level in SDR terms as in 1988 (Table 1.44). The current account deficit as a ratio of GDP was 5.1 per cent compared with 5.6 per cent in 1988. The current account deficit excluding official transfers stood at SDR 425 million (Rs. 19,187 million) in comparison with a deficit of SDR 445 million (Rs. 18,965 million) in 1988, while its ratio to GDP decreased from 8.5 per cent to 7.6 per cent between these two years. However, the current account to GDP ratio was about 3 percentage points lower than was anticipated at the time of mid-year estimates.

Net non-monetary capital inflows at SDR 252 million (Rs. 12,235 million) recorded an increase of 30 per cent in 1989. Consequently, there was an overall deficit of SDR 67 million (Rs. 1,905 million) in the balance of payments in 1989 as compared with a deficit of SDR 64 million (Rs. 3,339 million) in the previous year. Easing of the pressure on the balance of payments towards the end of the year, however, is not sufficient to be complacent with. Although the Central Bank was able to dispose of more than half of the accumulated short-term debt during the year, there has been some accumulation of short-term trade credits which will have to be repaid in 1990. Therefore, unless adjustment efforts are continued, aiming at a substantial improvement in export performance, efficient import substitution and large inflows of non-debt creating capital, mainly foreign private direct investments, Sri Lanka's balance of payments situation could continue to remain under pressure.

BALANCE OF PAYMENTS OUTTURN

Merchandise Account

According to the balance of payments records, export earnings grew by 10 per cent in 1989. While these earnings at SDR 1,206 million in 1989 were below the 1985 level of SDR 1,296 million, they had risen steadily, albeit slowly, at an average rate of over 5 per cent per year over the past 4 years. Meanwhile, expenditure on imports, which had decreased in the previous two years from the expenditure level in 1986, again increased to above the 1986

BALANCE OF PAYMENTS QUARTERLY

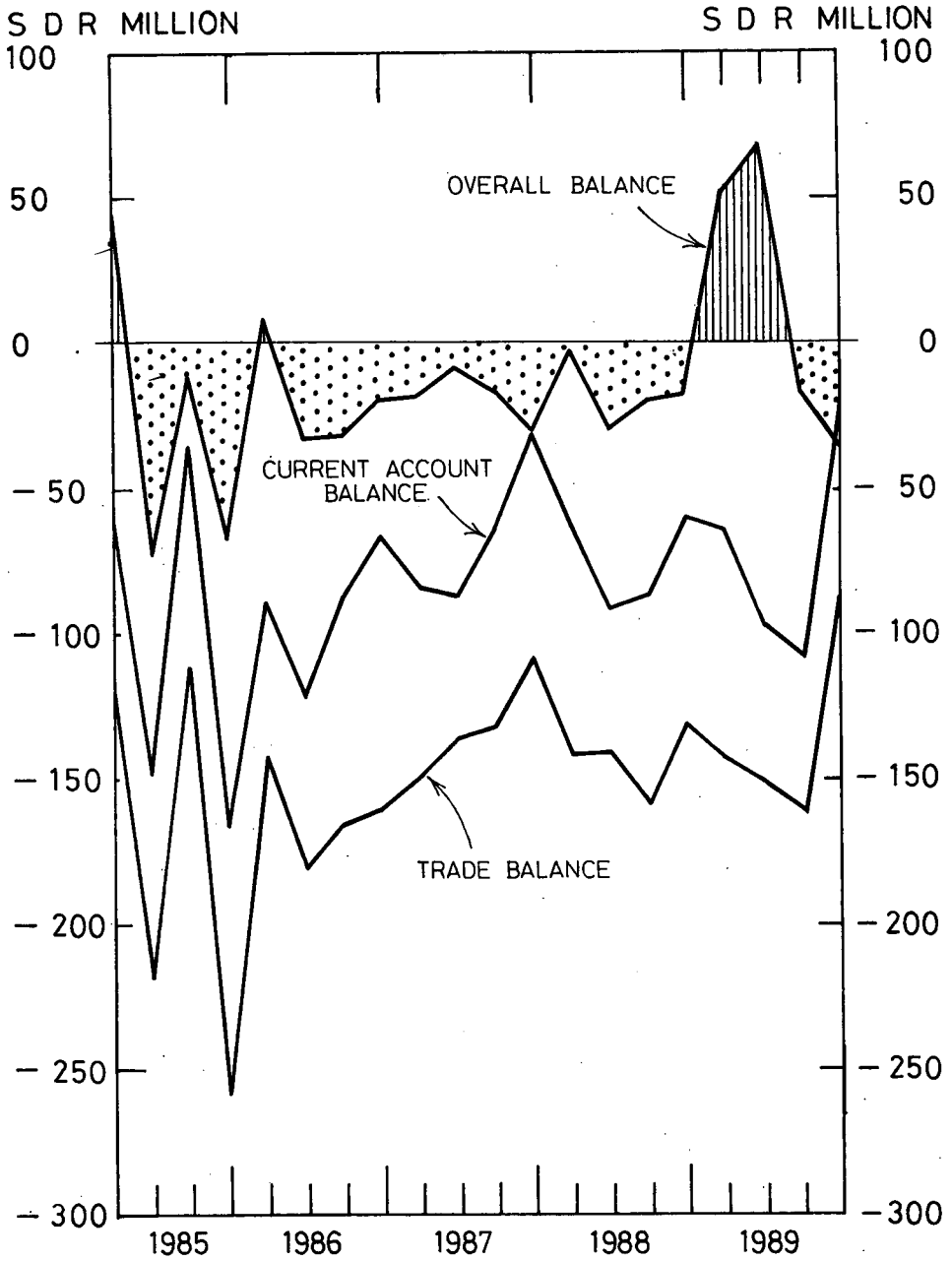


TABLE 1.44

Balance of Payments Analytic Presentation 1985 - 1989

Item	SDR Million					Rs. Million				
	1985	1986	1987	1988(a)	1989(b)	1985	1986	1987	1988(a)	1989(b)
1. Merchandise	-711	-649	-525	-568	-542	-19,801	-21,390	-20,005	-24,268	-24,716
Exports	1,296	1,029	1,077	1,098	1,206	35,728	33,893	41,097	46,985	56,094
Imports	2,007	1,678	1,602	1,666	1,748	55,529	55,283	61,102	71,253	80,810
2. Services	-133	-109	-121	-114	-117	-3,647	-3,616	-4,625	-4,884	-5,315
Receipts	323	323	307	306	312	8,926	10,601	11,721	13,097	14,466
Payments	456	432	428	420	429	12,573	14,217	16,346	17,981	19,781
3. Goods and Services (1+2)	-844	-758	-646	-682	-659	-23,448	-25,006	-24,630	-29,152	-30,031
4. Transfers (Net)	434	395	381	392	369	12,040	13,097	14,537	16,775	17,034
Private (Net)	262	242	242	238	234	7,212	7,983	9,226	10,187	10,844
Official (Net)	172	153	139	154	135	4,828	5,114	5,311	6,588	6,190
5. Current Account Balance (3+4)	-410	-363	-265	-290	-290	-11,048	-11,909	-10,093	-12,377	-12,997
6. Non-Monetary Capital (Net)	328	279	234	194	252	9,062	9,094	9,058	8,308	12,235
Direct Investment	24	24	45	32	21	679	784	1,727	1,382	986
Private long-term (Net)	31	15	6	-32	-23	847	514	213	-1,341	-1,051
Private short-term (Net)	3	-11	30	12	87	120	-377	1,217	474	4,328
Government long-term (Net)	270	251	153	182	167	7,416	8,173	5,901	7,793	7,972
Inflows	342	350	265	304	291	9,422	11,425	10,162	13,042	13,744
Outflows	72	99	112	122	124	2,006	3,252	4,261	5,249	5,772
7. Valuation Adjustments	-	-	-	-	-	1,491	1,371	1,841	7	-338
8. SDR Allocations	-	-	-	-	-	-	-	-	-	-
9. Errors and Omissions	-29	19	-31	+32	-29	-205	-330	-2,030	723	-805
10. Overall Balance	-111	-65	-62	-64	-67	-1,060	-1,774	-1,224	-3,339	-1,905
11. Monetary Movements (-Surplus)	111	65	62	64	67	1,060	1,774	1,224	3,339	1,905
Exchange Rate Rs./SDR						27.63	32.90	38.10	42.76	46.18
Ratios to GDP in Percentages										
Trade Account						-12.10	-11.90	-10.17	-10.93	-9.78
Current Account						-6.97	-6.67	-5.12	-5.58	-5.14
Current Account without Grants						-9.90	-9.47	-7.81	-8.54	-7.59

(a) Revised.

(b) Provisional.

Source : Central Bank of Sri Lanka.

Note : All transactions in the Monetary Sector are converted at end of the year exchange rates.

level to SDR 1,748 million in 1989. Consequently, the deficit in the merchandise account increased to SDR 542 million in 1989, which was 5 per cent lower than in 1988 and 3 per cent higher than in 1987. A detailed breakdown of the merchandise account and Sri Lanka's external trade in 1989 is presented in the previous chapter.

Services Account

The overall performance in the services account reflected little change in 1989 except for a positive turn-around in the travel account (Table 1.45). The net foreign exchange receipts from port, transportation and insurance remained at about the 1988 level at SDR 6 million in 1989. This was the combined result of an increase of approximately SDR 6 million in both receipts and payments.

Foreign exchange earnings from travel and allied services increased from a deficit of SDR 2 million in 1988 to a surplus of SDR 3 million in 1989. This was mainly due to a significant increase in tourist arrivals during the latter part of the year following an improvement in the civil situation in the country.

The net outflow of investment income in 1989, at SDR 128 million, was somewhat higher than in the previous 3 years. This was due to a reduction in inflows, mainly resulting from a reduction in interest earnings on foreign portfolio investments held by the Central Bank (Table 1.45). Meanwhile, foreign exchange repatriated in the form of profits and dividends by non-resident enterprises decreased further from SDR 14 million in 1988 to SDR 12 million in 1989. As in previous years, the interest payments on foreign loans, at SDR 161 million, accounted for a major portion of total payments of SDR 418 million in the services account.

Transfers Account

Net receipts from transfers decreased to SDR 370 million in 1989, the lowest level reached since 1985. This was almost entirely due to a reduction in gross receipts from both private and official transfers in 1989, which totalled SDR 399 million (Table 1.45). Foreign exchange receipts from private transfers, consisting mainly of worker remittances from overseas, at SDR 263 million were only marginally lower than the level in 1988. Official transfers, at SDR 136 million were, however, 12 per cent lower than in the previous year.

Capital Account

Net non-monetary capital inflows in 1989 at SDR 252 million, reflected a 30 per cent increase over the previous year, thus showing a turn-around over the decline registered during the previous 4 years. However, the increase was almost entirely due to the increased utilisation of trade credits and a US commercial loan for wheat imports to overcome temporary balance of payments difficulties. While direct investments declined from the 1988 level by 34 per cent to SDR 21 million in 1989, amortization payments on private long-term loans exceeded receipts, resulting in a net outflow of SDR 23 million compared with a net outflow of SDR 32 million in the previous year. However, inflows in respect of short-term capital, which increased 7-fold to SDR 87 million in 1989 from SDR 12 million in 1988, reflected the largest annual inflow under this item during the past 5 years. Net private capital inflows, consisting of direct investment, disbursements and repayments on long and short-term loans, amounted to SDR 85 million, the highest level reached during the past 5 years. An 8 per cent reduction in the government's net capital inflows from SDR 182 million in 1988 to SDR 167 million in 1989 was almost entirely due to a 12 per cent reduction in disbursements of project loans.

TABLE 1.45
Services and Transfers 1985 - 1989

Item	SDR Million					Rs. Million				
	1985	1986	1987	1988 (a)	1989 (b)	1985	1986	1987	1988 (a)	1989 (b)
1. Port Transportation & Insurance	-5	-3	2	5	6	-154	-86	25	205	282
Credits	73	84	89	95	102	2,016	2,760	3,366	4,057	4,677
Debits	78	87	87	90	96	2,170	2,844	3,341	3,852	4,395
2. Travel	35	25	7	-2	3	975	808	258	87	166
Credits	81	71	55	48	56	2,233	2,326	2,107	2,072	2,637
Debits	46	46	48	50	53	1,258	1,518	1,849	2,159	2,471
3. Investment Income	-125	-117	-123	-122	-128	-3,445	-3,871	-4,699	-5,266	-5,906
Credits	82	58	53	52	45	2,261	1,893	2,055	2,197	2,074
Debits	207	175	176	174	173	5,706	5,764	6,754	7,463	7,980
3.1 Profits & Dividends	-11	-16	-26	-13	-12	-297	-501	-1,025	-581	-562
Credits	-	-	-	1	...	5	15	8	20	20
Debits	11	16	26	14	12	302	516	1,033	601	582
3.2 Interest	-114	-101	-97	-109	-116	-3,148	-3,370	-3,674	-4,685	-5,344
Credits	82	58	53	51	45	2,256	1,878	2,047	2,177	2,054
Debits	196	159	150	160	161	5,404	5,248	5,721	6,862	7,398
4. Government Services	-6	-3	1	1	1	-152	-125	45	68	55
Credits	11	12	16	17	17	310	383	609	735	785
Debits	17	15	15	16	16	462	508	564	667	730
5. Other Services	-32	-11	-7	4	1	-871	-344	-254	196	88
Credits	76	98	94	94	92	2,106	3,239	3,584	4,036	4,293
Debits	108	109	101	90	91	2,977	3,583	3,838	3,840	4,205
6. Total Services	-133	-110	-120	-114	-117	-3,647	-3,616	-4,625	-4,884	-5,315
Credits	323	323	307	306	312	8,926	10,601	11,721	13,097	14,466
Debits	456	432	427	420	429	12,573	14,217	16,346	17,981	19,781
7. Private Transfers	262	242	242	238	234	7,212	7,983	9,226	10,186	10,844
Credits	288	269	270	266	263	7,920	8,873	10,324	11,386	12,201
Debits	26	27	28	28	29	708	890	1,098	1,200	1,357
8. Official Transfers	172	153	139	154	136	4,828	5,114	5,311	6,588	6,190
Credits	172	153	139	154	136	4,828	5,114	5,311	6,588	6,190
Debits	-	-	-	-	-	-	-	-	-	-
9. Total Transfers	434	395	381	392	370	12,040	13,097	14,537	16,774	17,034
Credits	460	422	409	420	399	12,748	13,987	15,635	17,974	18,391
Debits	26	27	28	28	29	708	890	1,098	1,200	1,357

Source: Central Bank of Sri Lanka.

(a) Revised
(b) Provisional

EXTERNAL RESOURCE GAP

The external resource gap, the difference between total foreign exchange receipts on account of current transactions excluding official grants, and total foreign exchange payments on account of such transactions and capital repayments, decreased from SDR 928 million (Rs. 39,647 million) in 1988 to SDR 837 million (Rs. 38,125 million) in 1989 (Table 1.46). This was due to a substantial rise in total receipts exceeding the increase in total payments. The higher foreign exchange receipts were entirely reflected in an increase in export earnings, while the growth in payments was the net result of an increase in import payments offset by a decrease in capital repayments, when compared with the previous year. The external resource gap excluding the aid financed imports decreased by 5 per cent, from SDR 611 million in 1988 to SDR 580 million in 1989.

Over half of the external resource gap (SDR 427 million) was financed by the Central Government, mainly through grants and project aid. Another 39 per cent was financed by the private sector, mainly through short term borrowings. Direct investment accounted for only 7 per cent of total private sector financing. Non-debt creating capital inflows, consisting of direct investment and grants, contributed SDR 159 million (19 per cent) towards financing the external resource gap in 1989. The drawing of SDR 67 million under the Structural Adjustment Facility (SAF) was sufficient to cover 8 per cent of the external resource gap.

The ratio of the external resource gap to total foreign exchange receipts from the exports of goods, services and private transfers is an index indicating immediate pressure on the balance of payments (Table 1.46). This index had declined from 55.6 per cent in 1988 to 47.0 per cent in 1989, indicating a reduction in the pressure on the balance of payments, when compared with the previous 5-year period. This index, when adjusted for aid imports, had also declined from 36.6 per cent in 1988 to 32.8 per cent in 1989.

EXTERNAL ASSETS

Sri Lanka's gross external assets stood at SDR 447 million (Rs. 23,389 million) at the end of 1989, indicating a slight improvement over the level of SDR 428 million (Rs. 19,025 million) at the end of the previous year (Table 1.47). However, there was a further depletion of net external assets between the two years reflecting the overall deficit in the balance of payments.

Gross official reserves comprising gross foreign assets of the government and the Central Bank rose by SDR 17 million during 1989 to reach SDR 224 million (Rs. 11,658 million) at the end of the year. This was almost entirely reflected in an increase in official reserves held by the government, from SDR 13 million (Rs. 590 million) at the end of 1988 to SDR 32 million (Rs. 1,696 million) at the end of 1989, due to the disbursement of a portion of the Agricultural Sector Program loan, which is a balance of payments support loan from the Asian Development Bank. A drawing of SDR 67 million in October, 1989 from the IMF under the Structural Adjustment Facility helped to bolster the gross official reserve position during the year.

Gross foreign assets of commercial banks recorded a slight increase in 1989, from SDR 222 million (Rs. 9,860 million) to SDR 223 million (Rs. 11,730 million) over the two years. The level of the country's gross external assets at the end of 1989 was sufficient to finance approximately 3 months of imports projected for 1990.

TABLE 1.46

Financing of the External Resource Gap 1985 - 1989

Category	SDR Million					Rs. Million				
	1985	1986	1987	1988(a)	1989(b)	1985	1986	1987	1988(a)	1989(b)
1. Foreign Receipts	1,907	1,622	1,654	1,670	1,781	52,574	53,367	63,142	71,468	82,761
1.1 Exports	1,296	1,030	1,077	1,098	1,206	35,728	33,893	41,097	46,985	56,094
1.2 Services	323	323	307	306	312	8,926	10,601	11,721	13,097	14,466
1.3 Private Transfers	288	269	270	266	263	7,920	8,873	10,324	11,386	12,201
2. Foreign Payments	2,980	2,623	2,488	2,598	2,618	82,313	86,201	94,836	111,115	120,886
2.1 Imports	2,007	1,678	1,602	1,666	1,748	55,529	55,283	61,102	71,253	80,810
2.2 Services	456	432	428	420	429	12,573	14,218	16,346	17,981	19,781
2.3 Private Transfers	26	27	28	28	29	708	890	1,098	1,200	1,357
2.4 Capital Repayments	491	486	430	484	412	13,503	15,810	16,290	20,681	18,938
3. External Resource Gap	-1,073	-1,001	-834	-928	-837	-29,739	-32,834	-31,694	-39,647	-38,125
4. Financing of Resource Gap	+1,073	+1,001	+834	+928	+837	+29,739	+32,834	+31,694	+39,647	+38,125
4.1 Central Government	514	503	404	458	427	14,250	16,539	15,473	19,630	19,933
Grants	172	153	139	154	136	4,828	5,114	5,311	6,588	6,190
Project Aid	273	257	207	208	182	7,564	8,414	7,934	8,885	8,503
Commodity Aid	23	29	13	21	22	620	943	504	918	1,023
Food Aid	24	27	19	26	21	650	870	695	1,129	1,025
Euro-dollar loans	-	-	-	-	-	-	-	-	-	-
Other Long-term	22	37	26	49	66	588	1,198	1,029	2,110	3,192
Short-term	-	-	-	-	-	-	-	-	-	-
4.2 Private Sector	441	353	328	271	326	12,177	11,555	12,608	11,577	15,397
Direct Investment	26	25	45	34	23	715	810	1,766	1,456	1,061
Suppliers Credits	21	7	4	3	1	549	229	162	116	48
Commercial Borrowings	67	64	74	38	26	1,858	2,117	2,846	1,630	1,183
Short-term	327	257	205	196	276	9,055	8,399	7,834	8,375	13,105
4.3 Other	147	135	133	166	113	2,027	3,699	3,802	7,710	3,938
IMF Drawings	-	-	-	153	67	237	1,614*	1,120*	7,317*	3,412*
Borrowings from Abroad	-	-	42	-	45	3	-	1,801	-	2,401
Bilateral Balances	-	-	-	-	-	-	-	-	-	-
Other	23	16	15	18	20	1,213	870	1,863	939	2,489
External Assets	124	119	76	-5	-19	574	1,215	-982	-546	-4,364
4.4 Balancing Items	-29	10	-31	33	-29	1,285	1,041	-189	730	-1,143
Valuation Adjustment	-	-	-	-	-	1,491	1,371	+1,841	7	-338
Errors & Omissions	-29	10	-31	33	-29	-206	-330	-2,030	723	-805
4.5 Total Financing	1,073	1,001	834	928	837	29,739	32,834	31,694	39,647	38,125
5. Pressure on Balance of Payments(c)										
5.1 With aid imports(in percentage points)	56.3	61.7	50.4	55.6	47.0					
5.2 Adjusted for aid imports (in percentage points)	37.7	41.1	34.2	36.6	32.8					

(a) Revised

(b) Provisional

(c) Index indicating pressure on the Balance of Payments is derived as follows $\frac{\text{Item 3}}{\text{Item 1}} \times 100$

* Includes revaluation effects due to changes in IMF representative rate.

Source: Central Bank of Sri Lanka.

EXTERNAL ASSETS QUARTERLY

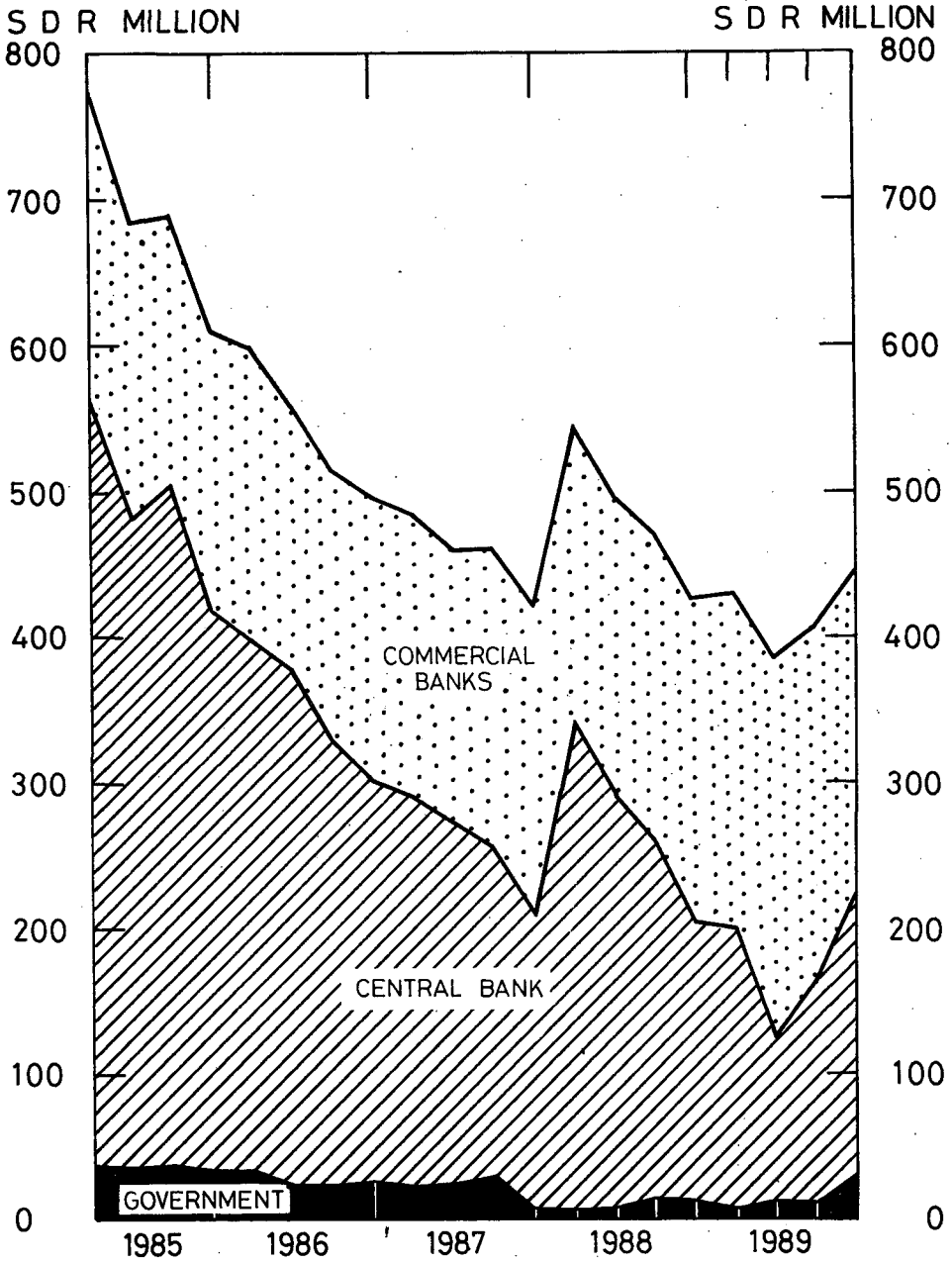


TABLE 1.47

External Assets of Sri Lanka 1985 - 1989

Ownership as at end of	SDR Million (a)					Rs. Million				
	1985	1986	1987	1988	1989	1985	1986	1987	1988	1989
1. Government(b)	34.5	23.0	8.5	13.3	32.3	1,038.7	801.6	373.7	589.8	1,696.1
2. Government Agencies	-	-	-	-	-	0.6	0.6	0.9	0.9	1.0
3. Central Bank	386.2	273.7	202.5	193.0	191.3	11,602.3	9,547.0	8,839.8	8,575.0	9,962.5
4. Commercial Banks	190.2	195.0	212.3	221.8	223.2	5,725.8	6,802.9	9,264.9	9,859.7	11,729.9
5. Total	610.9	491.7	423.3	428.1	446.8	18,367.4	17,152.1	18,479.3	19,025.4	23,389.5
6. Gross External Assets in months of										
A. Merchandise Imports	3.7	3.5	3.2	3.1	3.1					
B. Imports of Goods & Services	3.0	2.8	2.5	2.5	2.5					

Source: Central Bank of Sri Lanka.

(a) Converted at the following end year rates except for certain items in the International Reserves of the Central Bank, which were converted at the representative rate agreed with the IMF.

Year, 1985, 1986, 1987, 1988, 1989
Rs. Per SDR, 30.10, 34.89, 43.64, 44.45, 52.57

(b) Figures since 1985 have been revised to include DST's Special Revolving Credit balances.

EXCHANGE RATE MOVEMENTS

The Sri Lanka Rupee depreciated against all major currencies in 1989. Following the trend observed since 1985, the Sri Lanka Rupee depreciated against the Japanese Yen by 6.6 per cent, Pound Sterling by 9.2 per cent and the U.S. Dollar, the intervention currency, by 17.4 per cent. It also depreciated by 22.0 per cent each against the Deutsche Mark and the French Franc while depreciating again the Indian Rupee by 7.4 per cent during the year. The SDR/Rs. rate also indicated the depreciation of the rupee by 16.3 per cent in 1989.

Sri Lanka's Nominal Effective Exchange Rate (NEER), defined as the trade-weighted nominal exchange rate with respect to major trading partners, depreciated by 10.8 per cent on a point to point basis, in 1989. The Real Effective Exchange Rate (REER), which is the nominal exchange rate adjusted for inflation differentials between Sri Lanka and her major trading partners, appreciated by 4.3 per cent on a point to point basis during the year. While the annual average NEER depreciated by 5.1 per cent, the annual average REER appreciated by 6.1 per cent from 1988 to 1989.

EXTERNAL DEBT

Sri Lanka's total outstanding external debt stood at SDR 3,960 million at the end of 1989, indicating a continuation of the increasing trend (Table 1.48). The increase over the previous year was 7 per cent in SDR terms. As was seen in the previous 4 years, medium and long-term debt continued to account for over 90 per cent of total outstanding external debt. Meanwhile, the government's share of medium and long-term debt increased slowly from 76 per cent in 1985 to 82 per cent by 1989 with a 2 percentage point increase in 1989. The share of project aid in long and medium-term debt increased steadily from 42 per cent in 1985 to 58 per cent by 1989. Meanwhile, outstanding debt on IMF Trust Fund Loans, and long-term loans of public corporations and private sector enterprises decreased further in 1989.

Short-term debt increased significantly in 1989 due to significant increases in both the short-term borrowings by the Central Bank and increase in trade credits.

Meanwhile, there had been a 10 per cent increase in outstanding IMF loans from 1988 to 1989, mainly due to a drawing of SDR 67 million under the SAF. Total outstanding debt to the IMF stood at SDR 275 million at the end of 1989, and accounted for 7 per cent of total outstanding external debt.

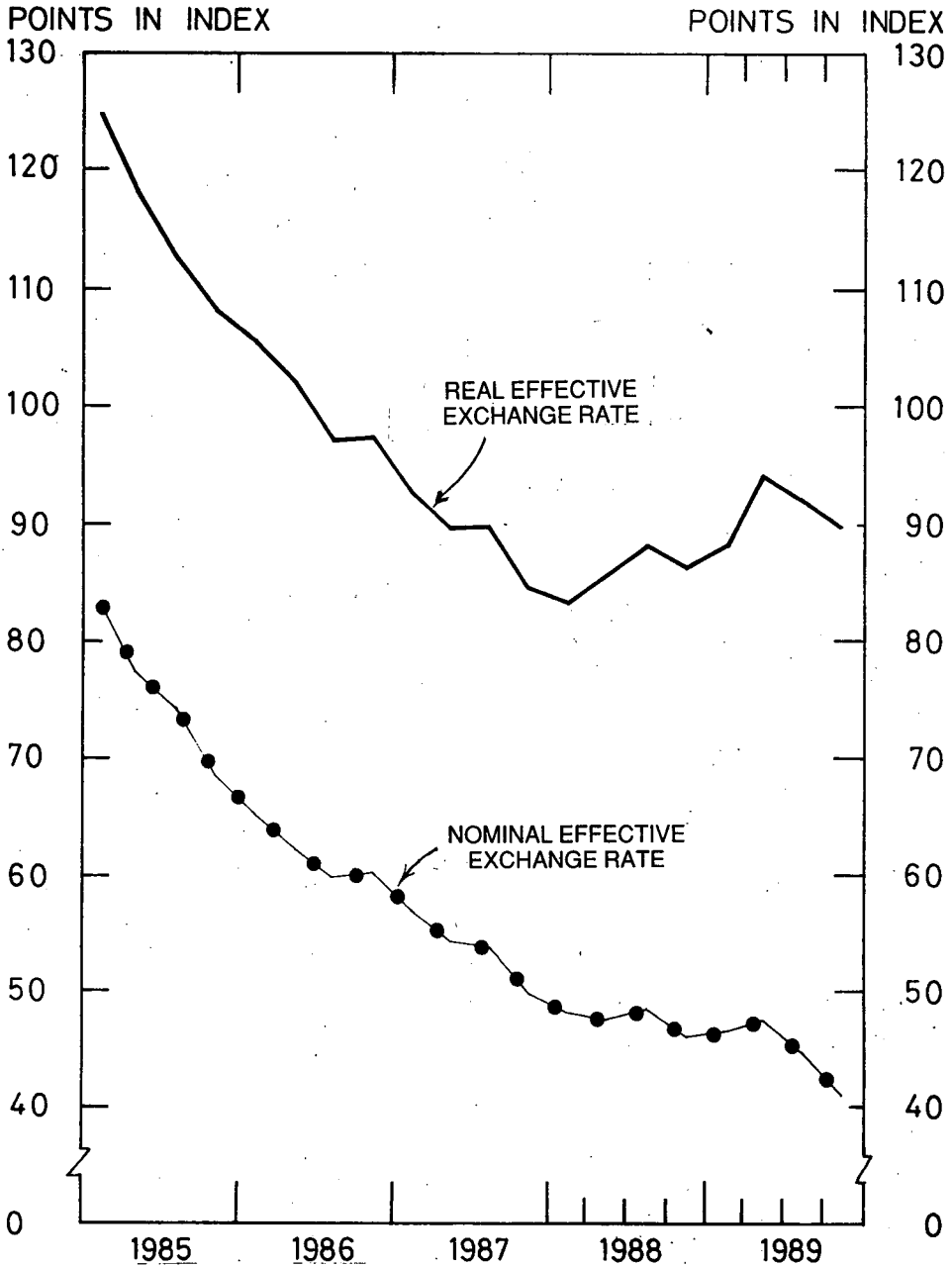
DEBT SERVICE PAYMENTS

Debt service payments, consisting of amortization payments on medium and long-term loans and interest payments on all foreign loans, decreased by SDR 32 million to SDR 371 million in 1989. While total debt service payments decreased in 1989 from the sharp increase experienced in such payments in 1988, they were above the average level recorded during the 3 years prior to 1988 (Table 1.49).

While the amortization payments including those on IMF loans decreased from SDR 259 million in 1988 to SDR 220 million in 1989, interest payments increased from SDR 144 million to SDR 151 million between the two years. Repurchases (repayments) on account of IMF loans declined from SDR 64 million in 1988 to SDR 46 million in 1989. Interest payments to the IMF however increased from SDR 18.5 million to SDR 22.7 million in 1989.

Total debt service payments as a ratio of earnings from goods and services decreased

EFFECTIVE EXCHANGE RATES*
QUARTERLY AVERAGES
 1980 = 100



* Decline indicates depreciation.

TABLE 1.48

Disbursed and Outstanding External Debt 1985 - 1989

Item	SDR Million					Rs. Million				
	1985	1986	1987	1988(a)	1989(b)	1985	1986	1987	1988(a)	1989(b)
1. Medium and Long-term Debt	3,086	3,227	3,220	3,515	3,649	91,804	111,816	138,411	155,275	190,890
1.1 Government	2,333	2,551	2,607	2,849	2,996	70,026	88,760	112,805	126,152	158,656
1.2 Public Corporations with Government Guarantee	306	244	224	184	169	9,212	8,497	9,703	8,137	8,968
1.3 Private Sector with Government Guarantee	30	64	96	98	88	922	2,246	4,139	4,359	4,638
1.4 Public Corporations without Government Guarantee	23	22	8	6	5	715	749	329	284	257
1.5 Private Sector without Government Guarantee	101	112	120	124	116	3,015	3,893	5,209	5,482	6,116
1.6 IMF Drawings	293	234	165	254	275	7,914	7,671	6,226	10,861	12,255
2. Short-term Debt	187	151	192	174	311	5,645	5,277	8,348	7,709	16,463
2.1 Central Bank Borrowings	-	-	41	5	50	6	-	1,801	231	2,632
2.2 Other (c)	187	151	151	169	261	5,639	5,277	6,547	7,478	13,831
3. Total Debt(1+2)	3,273	3,378	3,412	3,689	3,960	97,449	117,093	146,759	162,984	207,353
Memorandum Items										
Medium and Long-term Debt										
(1) Project Loans	1,315	1,549	1,688	1,936	2,107	39,498	53,890	73,015	85,746	111,509
(2) Non-Project Loans	913	928	855	887	887	27,412	32,287	37,003	39,262	46,955
(3) Supplier's Credits	24	25	30	25	18	687	870	1,311	1,109	966
(4) IMF Trust Fund Loans	86	59	34	18	9	2,592	2,055	1,475	813	479
(5) IMF Other Loans	293	234	165	254	275	7,914	7,671	6,226	10,861	12,255
(6) Other (d)	455	432	448	395	353	13,701	15,043	19,381	17,484	18,726

(a) Revised

(b) Provisional

(c) Includes acceptance credits of the Ceylon Petroleum Corporation, trade credits and borrowings of GCEC Enterprises from FCBU's

(d) Includes long term loans by Public Corporations and Private Sector Companies.

Source: Central Bank of Sri Lanka
External Resources Dept.

TABLE 1.49
External Debt Service Payments 1985 - 1989

Item	SDR Million					Rs. Million				
	1985	1986	1987	1988(a)	1989(b)	1985	1986	1987	1988(a)	1989(b)
1. Debt Service Payments	340.6	356.8	383.3	402.8	371.0	9,362	11,658	14,539	17,207	16,987
1.1 Amortization	165.5	213.5	253.5	258.8	220.3	4,533	6,940	9,623	11,033	10,072
(i) To IMF	35.8	58.6	69.3	64.1	46.0	967	1,856	2,566	2,682	2,018
(ii) To others	129.7	154.9	184.2	194.7	174.3	3,566	5,084	7,057	8,351	8,054
1.2 Interest Payments	175.1	143.3	129.8	144.0	150.7	4,829	4,718	4,916	6,174	6,915
(i) To IMF	27.1	21.3	18.3	18.5	22.7	746	701	663	772	997
(ii) To others	148.0	122.0	111.5	125.5	128.0	4,083	4,017	4,253	5,402	5,918
2. Earnings from Merchandise Exports and Services	1,619.0	1,352.6	1,384.4	1,404.0	1,518.0	44,655	44,495	52,819	60,082	70,560
3. Receipts from Merchandise Exports, Services & Private Transfers	1,906.6	1,622.4	1,654.7	1,670.6	1,781.0	52,574	53,367	63,143	71,468	82,761
4. Debt Service Ratios (c)										
4.1 As a percentage of 2 above										
(i) Overall Ratio	21.0	26.4	27.7	28.7	24.4	21.0	26.2	27.5	28.6	24.1
(ii) Excluding IMF Transactions	17.2	20.5	21.4	22.8	19.9	17.1	20.5	21.4	22.9	19.8
4.2 As a percentage of 3 above										
(i) Overall Ratio	17.9	22.0	23.2	24.1	20.8	17.8	21.8	23.0	24.1	20.5
(ii) Excluding IMF Transactions	14.6	17.1	17.9	19.2	17.0	14.5	17.1	17.9	19.2	16.9
5. Government's share of 1 above										
As a percentage of 1 above	39.5	45.3	44.5	49.4	54.4	41.4	46.6	46.6	50.0	55.0

Source : Central Bank of Sri Lanka.

(a) Revised

(b) Provisional

(c) Debt Service Ratios calculated on Rupee values and SDR values differ due to variations in exchange rates during the year.

from 28.7 per cent in 1988 to 24.4 per cent in 1989. This ratio excluding IMF transactions was 19.9 per cent as compared with 22.8 per cent in the previous year. Debt service payments as a ratio of receipts from exports, services and private transfers was 20.8 per cent, including IMF transactions and 17.0 per cent excluding IMF transactions.